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SUBJECT: WTO WILL BRING CHANGES. IS SAUDI ARABIA READY?

REF: 05JEDDAH04938

LEAD SAUDI WTO NEGOTIATOR SPEAKS TO AMERICAN BUSINESS
COMMUNITY ABOUT THE FUTURE

¶1. SUMMARY. Lead Saudi WTO negotiator Fawaz Al-Alamy's warmly received speech to a group of American and Saudi businessmen exemplified the burgeoning interest in WTO in Saudi Arabia. Contacts with foreign concerns have also exhibited rising interest in the effects WTO will have on business in Saudi Arabia. However, some attending the above speech expressed reservations that Saudi Arabia would be able to compete in an open economy. END SUMMARY.

¶2. On January 30, Fawaz Al-Alamy, Advisor to the Minister of Commerce and Industry and a lead negotiator on Saudi Arabia's accession to the WTO, spoke to the American Businessmen of Jeddah (ABJ). Approximately 50 American and Saudi businessmen, including about six women, listened as Dr. Al-Alamy described at some length the principles of WTO, how they will affect the business climate in Saudi Arabia and the changes that must occur in the Saudi economic system. He listed some of the 43 laws that have been promulgated by the Saudi government to comply with WTO and assured the audience that WTO principles protect Saudi culture. Al-Alamy informed the audience that beneficial changes have already occurred and others will take place soon. As examples, he described the opening of the finance, services and communications sectors, announcing that he expected two additional licenses for mobile phone service providers to be approved this year. The audience showed particular interest in Al-Alamy's assessment of the economic sectors that will benefit and those that will languish under WTO.

SAUDI ARABIA IS INTERESTED IN WTO NOW

¶3. In contrast to earlier events involving the WTO which had been met with a complaisance bordering on indifference (reftel), this speech was followed with acute attention by the audience and succeeded by a flurry of questions that continued until the meeting was forcibly ended due to time constraints. Even then, questioners privately bombarded Dr. Al-Alamy with additional queries.

AMERICAN BUSINESSES ARE TAKING NOTE, TOO

¶4. Foreign business interests are also taking note of potential opportunities in Saudi Arabia. A few days before the above speech, Pol/Econ Chief, received a call from an American attorney in Jeddah on behalf of an American management consultant client inquiring if WTO would facilitate their operations in Saudi Arabia. Two months

earlier, this attorney had confessed that none of their clients had shown any interest in Saudi Arabia's accession to WTO. On the evening prior to the speech, an employee of Arabian Inspection and Survey Company, an affiliate of Lloyd's of London, confided to Pol/Econ Chief his belief that Lloyds would be able to expand from its current work, limited to marine surveying, into the newly opened insurance sector.

BUT SOME QUESTION IF SAUDI IS REALLY PREPARED

15. Although the speaker and the audience in general exuded optimism, at least two questioners expressed reservations. Leading Jeddah businessman, Amr Khashoggi, doubted that Saudi workers were prepared to compete in an open, international economy. This concern is frequently voiced in opposition to the Saudization Law, the statutory requirement that 75% of the employees in every business must be Saudis. It is widely acknowledged in the business community and tacitly accepted by the government that this is an impossible figure to achieve. Saudi youth simply do not receive adequate practical and technical education. As Khashoggi enunciated his position to Pol/Econ Chief: "Saudi workers must be exportable. They must be competitive with other workers. I say go abroad, to any other country and get a job, and I will immediately hire you when you return."

16. Another prominent businessman, Wahid Binzagar, Chairman of Biet Binzagar Companies, accused the Saudi government itself of being an obstacle. He asserted that the government makes announcements and promises, but does not pass the laws and create the institutions actually required to effect change.

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17. COMMENT: In contrast to earlier occasions, the domestic and foreign business community is now focused on WTO with optimism, albeit with uncertainty for the short term. Saudi Arabia has made many changes in its laws and attitudes, but a great deal remains to be done. During the conversation, the Lloyd's employee hoped all the necessary reforms would be in place in "two or three years." END COMMENT.
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